

## Message Text

LIMITED OFFICIAL USE

PAGE 01 BONN 09280 01 OF 02 101242Z

51

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 SAJ-01 EB-07 COME-00 TRSE-00 MC-02

CIEP-01 OMB-01 OPIC-03 NASA-01 OES-03 CIAE-00 DODE-00

PM-03 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 FAA-00 DOTE-00 ACDA-05 FEAE-00

INT-05 ERDA-05 /102 W

----- 115587

R 101226Z JUN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0643

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

USMISSION NATO BRUSSELS

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 09280

E.O. 11652: N/A

TAGS: ECIN, EIND, GW

SUBJECT: EUROPEAN TRANS-NATIONAL INDUSTRIAL  
PROJECTS -- A GERMAN VIEW

REF: BONN 8142

SUMMARY. IN LIGHT OF THE RECENT DEVELOPMENTS IN THE  
EUROPEAN COMPUTER INDUSTRY (REFTEL) CURRENT  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 09280 01 OF 02 101242Z

DIFFICULTIES IN THE AUTOMOBILE INDUSTRY, AND

DISAPPOINTING SALES IN THE AIRCRAFT INDUSTRY, EMBOFF SPOKE WITH ECONMIN OFFICIAL, DR. LEYSER, INDUSTRIAL PROJECTS SPECIALIST FOR COMMON MARKET COUNTRIES, ON THE STATE OF EC JOINT INDUSTRIAL PROJECTS. DR. LEYSER IS ALSO IN CHARGE OF INDUSTRIAL SUBSIDIES WITHIN THE EC FOR THE ECONMIN. END SUMMARY.

2. TAKING THE EUROPEAN INDUSTRIAL SCENE FIRST AS A WHOLE, DR. LEYSER OBSERVED THAT MOST MEMBER STATES' CURRENT FISCAL IMBALANCES AND GROWING PROBLEMS WITH INFLATION AND UNEMPLOYMENT WERE MAKING IT IMPOSSIBLE FOR THE STATE ITSELF TO TAKE ANY INITIATIVES IN NEW TRANS-NATIONAL PROJECTS. HE ADMITTED THAT THE IDEA OF TRANS-NATIONAL INDUSTRIAL PROJECTS HAD ALWAYS BEEN ONLY LUKEWARMLY RECEIVED IN MANY NATIONAL GOVERNMENTS, AND THAT IT HAD BEEN INDUSTRY WHICH HAD PROVIDED THE IDEAS AND THE FUNDING FOR MOST OF THE SUCCESSFUL PROJECTS OF THE PAST. NOW THAT EUROPE WAS ENGAGED IN EXTREMELY INVESTMENT-INTENSIVE PROJECTS LIKE THE AIRCRAFT AND SPACE JOINT PROJECTS, AND GOVERNMENTAL FUNDING AND GUARANTEES WERE REQUIRED, THE USUAL PROBLEMS ASSOCIATED WITH INTERNATIONAL JOINT UNDERTAKINGS HAD BEEN INTENSIFIED. THUS, IN BRUSSELS, THERE WAS LITTLE ENTHUSIASM OR DISCUSSION OF NEW JOINT PROJECTS WITHIN THE EC. DR. LEYSER FELT THAT IT WOULD BE AT LEAST A YEAR, AND PROBABLY MORE, BEFORE THE EC COULD SERIOUSLY ENTERTAIN ANY NEW PROPOSALS FOR JOINT INDUSTRIAL PROJECTS WHICH WOULD REQUIRE NATIONAL FUNDING.

3. WHILE NOT ENTERTAINING NEW PROJECTS, NOR CONCERNING ITSELF TOO MUCH WITH ANY PARTICULAR EC INDUSTRY, DR. LEYSER SAID THE EC COMMISSION WILL BE WORKING DILIGENTLY ON GENERAL EC INDUSTRIAL POLICY SEEKING TO HARMONIZE STANDARDS AND PROVIDE MECHANISMS WITHIN WHICH FUTURE JOINT PROJECTS CAN PROCEED WITH A MINIMUM OF CONFUSION AND DUPLICATION. HE CITED THE AUTOMOBILE AND AIRCRAFT INDUSTRIES AS TWO WHICH WILL BE RECEIVING THE MAXIMUM OF ATTENTION BY THE COMMISSION IN THE NEXT MONTHS. HE FELT THAT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BONN 09280 01 OF 02 101242Z

THE COMMUNITY WOULD BE TAKING MEASURES TO AID THESE INDUSTRIES; BUT HE WAS SKEPTICAL ABOUT ANY ACTUAL MASSIVE FUNDING RESULTING. HE THOUGHT THAT THE COMMISSION'S REPORTS ON THESE INDUSTRIES WOULD CONCENTRATE ON COST-CUTTING AND STRUCTURAL STREAMLINING PROPOSALS WHICH WOULD TEND TO HAVE BENEFICIAL IMPACTS OVER THE NEXT SEVERAL YEARS AND NOT BE PARTICULARLY NOTICEABLE DURING THE PRESENT DEPRESSED

INDUSTRIAL SITUATION.

4. TURNING TO THE AIRCRAFT INDUSTRY SPECIFICALLY, DR. LEYSER READILY AGREED THAT CURRENT JOINT PROJECTS WERE IN A VERY BAD STATE. HE BLAMED THIS ON A NUMBER OF FACTORS INCLUDING NATIONAL PRIDE AND JEALOUSIES; THE COMPETITIVENESS OF AMERICAN AIRCRAFT, BOTH CIVIL AND MILITARY, ENHANCED BY THE DEVALUATION OF THE DOLLAR; THE DECLINE IN TRAVEL RESULTING FROM THE RECESSION, AND TO FAULTY MARKET ANALYSES, ESPECIALLY IN THE SHORT-RANGE PASSENGER TRANSPORT SECTOR. HE FELT THAT ALMOST ANY ONE OF THESE FACTORS WOULD HAVE BEEN ENOUGH TO MAKE RISKY ANY JOINT EUROPEAN AIRCRAFT VENTURE, AND THAT ALL TOGETHER SPELLED DOOM FOR THE

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BONN 09280 02 OF 02 101243Z

51

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 SAJ-01 EB-07 COME-00 TRSE-00 MC-02

CIEP-01 OMB-01 OPIC-03 NASA-01 OES-03 CIAE-00 DODE-00

PM-03 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 FAA-00 DOTE-00 ACDA-05 FEAE-00

INT-05 ERDA-05 /102 W

----- 115624

R 101226Z JUN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0644

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS  
USMISSION GENEVA  
USMISSION NATO BRUSSELS

LIMITED OFFICIAL USE SECTION 02 OF 02 BONN 09280

INDUSTRY. IT DID NOT SEEM FEASIBLE, OBSERVED DR. LEYSER, THAT THE EC COMMISSION WOULD RECOMMEND ANY SORT OF NEW SUBSIDIES FOR THE AIRCRAFT INDUSTRIES OF THE CONCERNED COUNTRIES. THESE INDUSTRIES WERE ALREADY, IN MANY CASES, EITHER STATE OWNED OR HAD MAJOR STATE PARTICIPATION. THE LONG LEAD TIME FROM CONCEPT TO FINISHED PRODUCT MADE THE AIRCRAFT INDUSTRY AN ESPECIALLY DIFFICULT ONE TO RATIONALIZE; NONETHELESS, DR. LEYSER FELT THAT AN EC PROGRAM OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 09280 02 OF 02 101243Z

RATIONALIZATION WOULD BE ONE OF THE FEW WAYS LEFT TO SAVE THE INDUSTRY AND MAKE IT INTO A GENUINE COMPETITIVE FORCE IN THE WORLD AIRCRAFT MARKET.

5. THE COMPUTER INDUSTRY WAS AN EXAMPLE OF THE DIFFICULTIES FACING EC COUNTRIES WITH DIFFERING APPROACHES TO TECHNICAL PROBLEMS WHEN THEY ATTEMPT TO COORDINATE ON PRODUCT DEVELOPMENT. HAD THE AMERICAN PREDOMINANCE IN THE COMPUTER FIELD NOT BEEN QUITE SO PRONOUNCED, THEN DR. LEYSER FELT UNIDATA COULD HAVE DEVELOPED INTO A COMPETITIVE AND TECHNOLOGICALLY COMPARABLE EUROPEAN INDUSTRY. HOWEVER, SINCE, IN HIS VIEW, ALL THREE OF THE COOPERATING COMPANIES HELD ONLY A TINY FRACTION OF THE EUROPEAN COMPUTER MARKET (ABOUT 9 PERCENT), THEIR POTENTIAL MARKET WAS FAR TOO RESTRICTED TO WARRANT THE WHOLE-HEARTED SUPPORT OF THEIR HOST GOVERNMENTS WHICH HAD TO CONCENTRATE ASSISTANCE MEASURES, INCLUDING OFFICIAL PROCUREMENT, IN INDUSTRIES WHICH WOULD HAVE THE BIGGEST AND MOST IMMEDIATE NATIONAL ECONOMIC IMPACT.

6. DR. LEYSER THEN DISCUSSED THE ENERGY FIELD AS ONE IN WHICH THE MOST OBVIOUS ECONOMIC ADVANTAGES WERE TO BE FOUND IN INTERNATIONAL COOPERATION. SINCE THERE WAS NO IMMEDIATE PRESSURE, HOWEVER, HE COMMENTED THAT THERE WOULD BE NO PROGRESS. EUROPEANS, HE SAID, REACT ONLY IN CRISIS SITUATIONS, USING USUALLY OUTMODED OR INADEQUATE MECHANISMS TO COMBAT THE CRISIS. HE COULD FORESEE NO PROGRESS IN THE ESTABLISHMENT OF AN EFFECTIVE EUROPEAN ENERGY FACILITY; HOWEVER, THERE WERE EVIDENCES OF BILATERAL

AND MULTILATERAL AGREEMENTS ON POWER PRODUCTION AND DISTRIBUTION WHICH TO ONE EXTENT OR ANOTHER TENDED TO EQUALIZE THE IMPACT OF AN OPEC-TYPE OIL EMBARGO, OR OTHER CURTAILING OF NECESSARY ENERGY RAW MATERIALS. HE LAMENTED THAT EURATOM HAD NEVER DEVELOPED INTO AN INSTRUMENTALITY CAPABLE OF TAKING ON A EUROPE-WIDE NUCLEAR ENERGY DEVELOPMENT ROLE.

7. SUMMING UP, DR. LEYSER OBSERVED THAT THE PRESENT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BONN 09280 02 OF 02 101243Z

ECONOMIC REALITIES IN EUROPE PRECLUDED THE ESTABLISHMENT OF ANY NEW PUBLICLY-ASSISTED MAJOR INDUSTRIAL PROJECTS OF A TRANS-NATIONAL NATURE FOR AT LEAST THE NEXT YEAR. THE EC COMMISSION WILL DEVOTE ITS EFFORTS TO THE ESTABLISHMENT OF WORKABLE INDUSTRIAL POLICIES COVERING AS MANY INDUSTRIES AS POSSIBLE, BUT PROGRESS WOULD BE SLOW. IF THERE IS TO BE ANY MAJOR INTERNATIONAL INDUSTRIAL PROJECT LAUNCHED IN THE NEXT YEAR, THE INITIATIVE AND THE FUNDING WILL HAVE TO COME FROM THE COMPANIES CONCERNED; AND THAT THE LESSONS OF THE AIRCRAFT AND COMPUTER INDUSTRIES IN EUROPE WILL NOT BE LOST ON COMPANIES IN OTHER AREAS CONTEMPLATING SUCH PROJECTS. HILLENBRAND

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AIRCRAFT, COMPUTERS, AUTOMOBILES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975BONN09280  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750201-1125  
**From:** BONN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750662/aaaacesi.tel  
**Line Count:** 251  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 BONN 8142  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 14 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <14 APR 2003 by ElyME>; APPROVED <14 OCT 2003 by KelleyW0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EUROPEAN TRANS-NATIONAL INDUSTRIAL PROJECTS -- A GERMAN VIEW  
**TAGS:** ECIN, EIND, GE, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006